

**UNITED STATES DEPARTMENT OF AGRICULTURE**

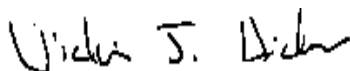
Farm Service Agency  
Washington, DC 20250

**Notice SU-67**

**For:** Sugar State Offices and Service Centers

**2000 Sugar Payment-In-Kind (PIK) Program Compliance**

**Approved by:** Acting Deputy Administrator, Farm Programs



**1 Overview**

**A**

**Background**

Notice SU-64 provided State Offices and Service Centers with instructions for:

- accessing a list of accepted bids
- reviewing and correcting offer data
- approving CCC-744's
- processing producer certification of sugar beet acreage offered for diversion under Sugar PIK Program and accepted by FSA.

Producers with accepted bids were notified of the requirement to report to FSA the exact location of the sugar beet acreage to be diverted under the 2000 Sugar PIK Program. Notice SU-64 provided that producers shall submit a field map or photo copy to the applicable Service Center that indicates:

- delineation of the diverted sugar beet acreage to provide the exact location
- farm number or numbers (CCC-744, item 14)
- tract number or numbers (CCC-744, item 15)
- field number or numbers (CCC-744, item 16).

Diverted sugar beet acreage shall be clearly marked on the map.

**Note:** Measurements or other verifying data may be written on the map to help identify the exact location of the diverted acreage.

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**Disposal Date**

June 1, 2001

**Distribution**

Sugar State Offices; State Offices relay to Sugar Service Centers

## Notice SU-67

### 1 Overview (Continued)

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#### A

##### Background (Continued)

The map shall be attached to CCC-744.

Notice SU-60, subparagraph 6 B and Notice SU-61, subparagraph 2 C provide the size requirements for acreage enrolled in the Sugar PIK Program.

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#### B

##### Purpose

This notice provides Service Centers with policies and procedure for conducting compliance and spot-check activities for the 2000 Sugar PIK Program.

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### 2 Compliance Spot Checks and Reviews

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#### A

##### Random Selection

Service Centers shall conduct a:

- field visit spot-check according to subparagraph B
- review of CCC-744's according to subparagraph C.

The number of accepted offers selected shall be the greater of the following:

- 15 accepted CCC-744's
- 15 percent of the accepted CCC-744's for the applicable county.

**Note:** For each CCC-744 selected, both a field visit spot check and a CCC-744 review shall be completed.

Service Center shall spot-check acreage and review CCC-744's based on a random sample of offers selected using the following.

Step	Action
1	Create a list of all accepted Sugar PIK offers in ascending contract number order.
2	Select a number between 1 and 7.
3	Spot-check the Sugar PIK offer for the number selected in step 2 and every subsequent 7 <sup>th</sup> Sugar PIK offer listed.

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## 2 Compliance Spot Checks and Reviews (Continued)

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### A Random Selection (Continued)

**Example:** The following provides an example of selecting Sugar PIK offers for spot-check.

Step	Result
1	Jackson County received 100 FSA accepted Sugar PIK offers. The 100 accepted offers are listed in ascending order.
2	Number 3 is selected.
3	Jackson County will spot-check the 3 <sup>rd</sup> Sugar PIK offer listed and every 7 <sup>th</sup> subsequent offer on the list. In this example the 3 <sup>rd</sup> , 10 <sup>th</sup> , 17 <sup>th</sup> , 24 <sup>th</sup> , 31 <sup>st</sup> , ... offers listed would be spot-checked.

All Sugar PIK offers from FSA employees are required spot checks. FSA employee required spot checks are in addition to the 15 percent random spot checks.

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### B Field Visit Spot Checks

Service Centers shall conduct a field visit to ensure that the sugar beet acreage identified by the producer on CCC-744, items 14, 15, and 16 and the map or photo copy attached to CCC-744 meets both of the following:

- producer has not harvested or made commercial use of the sugar beets on the accepted acreage
  - the accepted acreage meets the size requirements provided in:
    - Notice SU-60, subparagraph 6 B
    - Notice SU-61, subparagraph 2 C
    - CCC-744, item 12A.
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### C CCC-744 Review

Service Centers shall conduct a review of CCC-744's to ensure that all of the following are met:

- data on CCC-744 matches the associated data on the FSA Intranet for the offer
  - CCC-744, item 12C is completed
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## 2 Compliance Spot-Checks and Reviews (Continued)

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### C

#### CCC-744 Review (Continued)

- CCC-744, items 14, 15, and 16 are completed
- all signatories have assigned CCC inventory sugar to the applicable sugar processor
- CCC-744, item 24 is completed
- all corrections to data on CCC-744 were initialed and dated by at least 1 of the signatories on the offer.

Reviewer shall initial and date CCC-744 in top right-hand-corner of page 1.

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## 3 Violations

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### A

#### Assessment of Liquidated Damages

Producers found in violation of the terms and conditions of CCC-744 shall be assessed liquidated damages in an amount equal to 3 times the value of the CCC inventory sugar approved under CCC-744.

The liquidated damages are in addition to a full refund of the value of the CCC inventory sugar approved under CCC-744 and may be in addition to any other damages or amounts due that result from the violation.

**Note:** A program code for liquidated damages has not been established. State Offices requiring a program code shall contact PECD, Emergency Preparedness and Program Branch at 202-720-6602.

Service Centers shall assess liquidated damages only on the acres found in violation.

**Example 1:** Mr. Brown's offer to divert 20 acres of sugar beets under the 2000 Sugar PIK program was accepted. Upon spot-check the Service Center discovers that only 15 acres of sugar beets were diverted. All other requirements were met. The Service Center shall assess liquidated damages on the 5 acres in violation.

**Example 2:** Mrs. Smith's offer to divert 12 acres of sugar beets under the 2000 Sugar PIK program was accepted. Upon spot-check the Service Center discovers that 3 acres of the diverted sugar beets do not meet the size requirements. All other requirements were met. The Service Center shall assess liquidated damages on the 3 acres in violation.

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### 3 Violations (Continued)

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#### A

##### Assessment of Liquidated Damages (Continued)

Violations include but are not limited to:

- diverting fewer acres than accepted
- diverted acreage that does not meet acreage size requirements
- harvesting the sugar beets on the acreage offered for diversion and subsequently accepted
- making unauthorized commercial use of the sugar beets from the accepted acreage including, but not limited to:
  - deer bait
  - livestock feed
  - unauthorized grazing
  - sugar production.

Liquidated damages shall **not** be assessed if all items on CCC-744 are not complete. However, inaccurate or incomplete data on CCC-744 must be corrected by Service Center and producer, as applicable. Employee and producer must initial and date all changes on CCC-744.

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### 4 Action

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#### A

##### State Office Action

State Office shall:

- immediately provide a copy of this notice to Service Centers with 2000 Sugar PIK offers
  - ensure that applicable Service Centers complete field visit spot checks and CCC-744 reviews by December 22, 2000.
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#### B

##### Service Center Action

Service Centers shall:

- by no later than December 22, 2000, conduct a field visit spot check and CCC-744 review according to paragraph 2
  - assess liquidated damages according to paragraph 3 when program violations are discovered.
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